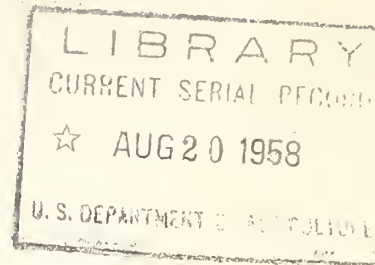


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UNITED STATES DEPARTMENT OF AGRICULTURE
Washington 25, D. C.



Statement by David M. Pettus, Director, Livestock Division, Agricultural Marketing Service, U. S. Department of Agriculture, at a hearing on S. 3538 before the Subcommittee on Research and General Legislation of the Senate Committee on Agriculture and Forestry, June 9, 1958.

I am glad to appear before this committee to discuss the legislation proposed in S. 3538. As you know, the livestock industry is one of the most important segments of agriculture in the United States. Livestock is produced on most farms and ranches in this country and, therefore, legislation affecting returns to livestock producers is of concern to most farmers.

S. 3538, a proposed amendment to the Packers and Stockyards Act of 1921, would permit deductions from the proceeds due livestock producers to finance research or sales promotion programs.

The Department of Agriculture has always favored promotional activities which are industry supported and industry administered, and it is not opposed to the passage of an amendment to the Packers and Stockyards Act which would remove the prohibition against deductions for a self-help meat promotion program. We would, however, like to call your attention to some problems which might be expected to arise with the passage of S. 3538.

First is the definition of a livestock producer sponsored association or organization. There are in the various agricultural commodity fields, including that of livestock, substantial national organizations engaged in research on and sales promotion of their commodities. These organizations, although substantially producer sponsored, are co-sponsored

or supported by other segments of the industry. It appears that it is the intent of the proposed amendment that such an organization would be covered by the phrase "livestock producer sponsored organization." While we would so interpret this phrase, it would seem desirable that the amendment make it absolutely clear that the association or organization is not limited to one sponsored solely by livestock producers.

A second point which gives the Department some concern is the possibility of confusion which could arise as the result of requests from various qualifying organizations that market agencies make various deductions for promotional and research programs. While the Department does not desire Government supervision of such a program, the reports coming to the Department regarding the various programs under consideration by the many organizations -- local, State, and national -- representing various breeds and species of livestock point up the possibility of fragmentation of effort and waste of funds and the resulting lack of benefit to producers.

